GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:904
ANSWERED ON:26.02.2009
OIL BONDS
Singh Shri Sugrib

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the details of the oil bonds issued to the oil marketing companies in the country during the past three years ;

(b) the reasons for issuing these oil bonds during the said period; and

(c) the policy changes contemplated, if any, in the light of falling prices of crude oil in the international market?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS(SHRI DINSHA PATEL)

(a)to(c) : The details of the Oil Bonds issued to the Public Sector Oil Marketing Companies(OMCs) during the last three years are given below:

(Rs. Crore)

2005-06	11,500.00
2006-07	24,121.00
2007-08	20,333.33
2008-09(till date)	65,942.00#

#Includes Rs.14,956.17 crore for 2007-08

Despite increase in the international oil prices, particularly from 2004-05, the retail selling prices of sensitive petroleum products i.e. Petrol, Diesel, PDS Kerosene and Domestic LPG were not revised in line with the international oil prices, which resulted in mounting under-recoveries to the OMCs.The OMCs have incurred under-recoveries of Rs.40,000 crore in 2005-06, Rs.49,387 crore in 2006-07 and Rs.77,123 crore in 2007-08. The under-recoveries projected for the current year are Rs.1,03,908 crore.

The Government has recently approved a revised Burden Sharing Mechanism for 2008-09 under which the Public Sector Upstream Oil Companies will contribute Rs.32,000 crore and the remaining under-recoveries would be compensated through issuance of Oil Bonds.

In view of the recent decline in the international oil prices, the Government has reduced the retail selling prices of the sensitive petroleum products on two occasions as indicated below(at Delhi), with corresponding reductions in the rest of the country:

Effective from 6.12.2008 − Petrol by Rs.5/- per litre and Diesel by Rs.2/- per litre; and

Effective from 29.1.2009 − Petrol by Rs.5/- per litre, Diesel by Rs.2/- per litre and Domestic LPG by Rs.25/- per cylinder.